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APAC RESOURCES LIMITED

亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

VOLUNTARY ANNOUNCEMENT CONNECTED TRANSACTIONS IN RELATION TO SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT AND SHARING OF MANAGEMENT SERVICES AGREEMENT

The Board is pleased to announce that on 30 June 2016 (after trading hours), the Company entered into the Services Agreement I with AGL and the Services Agreement II with APL. Pursuant to the Services Agreement I, the Company has agreed to engage AGL and AGL has agreed to provide the administrative services and management services as detailed in the Services Agreement I to the Group subject to the terms and conditions set out therein. Pursuant to the Services Agreement II, the Company has agreed to engage APL and APL has agreed to provide management services as detailed in the Services Agreement II to the Group subject to the terms and conditions set out therein. The term for the Services Agreement I will be from 1 July 2016 to 31 December 2016 in respect of management services and 1 September 2016 to 31 December 2016 in respect of administrative services. The term for the Services Agreement II will be from 1 July 2016 to 31 December 2016.

In view of the fact that the Company is held as to approximately 24.51% by APL, which is held as to approximately 74.99% by AGL, both AGL and APL are substantial Shareholders and connected persons of the Company and accordingly, the entering into of the Services Agreements I and II by the Company with AGL and APL respectively and the transactions contemplated thereunder constitute connected transactions for the Company under Rule 14A of the Listing Rules.

As each of the applicable Percentage Ratios for the Company in respect of the transactions contemplated under the Services Agreements I and II is expected to be less than 0.1%, the transactions in respect of the Services Agreements I and II will constitute de minimis transactions which will be fully exempt from the annual reporting, annual review, announcement, circular and independent shareholders' approval requirements under the Listing Rules pursuant to Rule 14A.76 of the Listing Rules.

This announcement is made voluntarily by the Company.

The Board is pleased to announce that on 30 June 2016 (after trading hours), the Company entered into the Services Agreement I with AGL and the Services Agreement II with APL. Pursuant to the Services Agreement I, the Company has agreed to engage AGL and AGL has agreed to provide the administrative services and management services as detailed in the Services Agreement I to the Group subject to the terms and conditions set out therein. Pursuant to the Services Agreement II, the Company has agreed to engage APL and APL has agreed to provide management services as detailed in the Services Agreement II to the Group subject to the terms and conditions set out therein. The term for the Services Agreement I will be from 1 July 2016 to 31 December 2016 in respect of management services and 1 September 2016 to 31 December 2016 in respect of administrative services. The term for the Services Agreement II will be from 1 July 2016 to 31 December 2016.

SERVICES AGREEMENT I

The principal terms of the Services Agreement I are as follows:

Date	: 30 June 2016
Parties	: The Company and AGL
Effective period	: Management services: from 1 July 2016 to 31 December 2016 Administrative services: from 1 September 2016 to 31 December 2016
Nature of transaction	: Sharing of administrative services and management services provided by AGL
Details of the administrative services	: (a) Corporate secretarial services; (b) The provision of a registered office for certain companies within the Group and the provision of a place at which <i>inter alia</i> , the minute books, statutory registers, common seals and books of share certificates of the Group will be kept; (c) Utilities services including water, electricity, telephone (including international telephone services) and internet services; (d) Photocopying services; (e) Postal, courier and delivery services; and

(f) Other services ancillary to the day-to-day administration and operation of the Group.

Details of the management services : The provision of management, consultancy, strategic and business advice service (as the case may be) by the senior management and the selected staff of AGL to the Group.

Fees and disbursements : In terms of the fees and disbursements for the administrative services, the Company agreed that:

(a) the actual costs incurred by AGL in the provision of the administrative services to the Group will be payable by the Group on a monthly cost basis without margin; and

(b) All disbursements, costs and expenses incurred by AGL on behalf of the Group in the provision of the administrative services shall be reimbursed by the Group.

In terms of the fees and disbursements for the management services, the Company agreed that: -

(a) a portion of the actual costs incurred by AGL by reference to a specified percentage of the remuneration of the members of the senior management and selected staff of AGL providing the management services to the Group will be payable by the Group on a quarterly basis;

(b) all disbursements, costs and associated expenses incurred by AGL on behalf of the Group in the provision of the management services shall be reimbursed by the Group; and

(c) the fees payable by the Group to AGL for the six months ending 31 December 2016 in respect of the management services shall not, unless otherwise agreed by the parties, exceed the sum of HK\$694,000.

Termination : Unless otherwise agreed by the parties, either party may terminate the Services Agreement I at any time by giving two months' prior written notice to the other party.

SERVICES AGREEMENT II

The principal terms of the Services Agreement II are as follows:

- Date : 30 June 2016
- Parties : The Company and APL
- Effective period : From 1 July 2016 to 31 December 2016
- Nature of transaction : Sharing of management services provided by APL
- Details of the management services : (a) Manage the process of budgeting;
- (b) Manage the functions of accounting, tax, and treasury;
- (c) Oversee the financial operations and foreign operations;
- (d) Oversee the issuance of financial information;
- (e) Report financial results to the Board;
- (f) Construct and monitor reliable control systems;
- (g) Maintain relationship with internal and external auditors;
- (h) Monitor cash balances and cash forecasts;
- (i) Arrange debt and equity financing; and
- (j) Maintain relationship with banks.
- Fees and disbursements : In terms of the fees and disbursements for the management services, the Company agreed that:
- (a) a portion of the actual costs incurred by APL by reference to a specified percentage of the remuneration of the members of the senior management and selected staff of APL and its wholly-owned subsidiaries providing management services to the Group will be payable by the Group on a quarterly basis;

- (b) all disbursements, costs and associated expenses incurred by APL on behalf of the Group in the provision of the management services shall be reimbursed by the Group; and
- (c) the fees payable by the Group to APL for the six months ending 31 December 2016 in respect of the management services shall not, unless otherwise agreed by the parties, exceed the sum of HK\$156,000.

Termination : Unless otherwise agreed by the parties, either party may terminate the Services Agreement II at any time by giving two months' prior written notice to the other party.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Directors consider that the sharing of administrative services and management services provided by AGL and the management services provided by APL will benefit the Group in that the Group, AGL and APL can enjoy economies of scale brought by the sharing of the above services, which will maximise cost efficiency and management effectiveness.

CONNECTED TRANSACTIONS

In view of the fact that the Company is held as to approximately 24.51% by APL, which is held as to approximately 74.99% by AGL, both AGL and APL are substantial Shareholders and connected persons of the Company and accordingly, the entering into of the Services Agreements I and II by the Company with AGL and APL respectively and the transactions contemplated thereunder constitute connected transactions for the Company under Rule 14A of the Listing Rules.

As each of the applicable Percentage Ratios for the Company in respect of the transactions contemplated under the Services Agreements I and II is expected to be less than 0.1%, the transactions in respect of the Services Agreements I and II will constitute de minimis transactions which will be fully exempt from the annual reporting, annual review, announcement, circular and independent shareholders' approval requirements under the Listing Rules pursuant to Rule 14A.76 of the Listing Rules.

GENERAL

The Company

The Company is incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange.

The Group is an established natural resource investment fund and commodity trading house which owns strategic interests in natural resource companies with the main business lines comprising of primary strategic investment; resource investment; and commodity trading business, focused primarily on metals and energy.

AGL

AGL is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange and is a substantial shareholder of the Company.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, the provision of finance and investments in listed and unlisted securities.

APL

APL is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange and is a substantial shareholder of the Company.

The principal business activity of APL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, the provision of finance and investments in listed and unlisted securities.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Services Agreements I and II were entered into after arm's length negotiations and on normal commercial terms and that the terms of the Services Agreements I and II are fair and reasonable so far as the Company and the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Mr. Lee Seng Hui (non-executive Director) is the chief executive and an executive director of both AGL and APL, and also one of the trustees of Lee and Lee Trust, being a discretionary trust which together with his personal interest, owns approximately 73.91% interest in the total number of issued shares of AGL, which is directly and indirectly interested in an aggregate of approximately 74.99% of the total number of issued shares of APL. Mr. Arthur George Dew (chairman of the Company and non-executive Director) is the chairman and a non-executive director of both AGL and APL. Both Mr. Lee Seng Hui and Mr. Arthur George Dew are therefore deemed to be interested in the Services Agreements I and II. Accordingly, Mr. Lee Seng Hui and Mr. Arthur George Dew have abstained from voting on the relevant board resolutions of the Company.

DEFINITIONS

“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 373), is a substantial shareholder of the Company;
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 56), is a substantial shareholder of the Company and a non wholly-owned subsidiary of AGL;
“Board”	the board of Directors;
“connected person(s)”	having the meaning ascribed to it under the Listing Rules;
“connected transaction(s)”	having the meaning ascribed to it under the Listing Rules;
“Company”	APAC Resources Limited (亞太資源有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1104);
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“Services Agreement I”	the sharing of administrative services and management services agreement entered into between the Company and AGL dated 30 June 2016, pursuant to which the Company agreed to engage AGL and AGL agreed to provide administrative services and management services as detailed in the agreement to the Group for a term expiring on 31 December 2016;
“Services Agreements I and II”	both the Services Agreement I and the Services Agreement II;

“Services Agreement II”	the sharing of management services agreement entered into between the Company and APL dated 30 June 2016, pursuant to which the Company agreed to engage APL and APL agreed to provide management services as detailed in the agreement to the Group for a term expiring on 31 December 2016;
“Shareholder(s)”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

By Order of the Board
APAC Resources Limited
Arthur George Dew
Chairman

Hong Kong, 30 June 2016

As at the date of this announcement, the directors of the Company are:

Executive Directors

Mr. Brett Robert Smith (*Deputy Chairman*) and Mr. Andrew Ferguson (*Chief Executive Officer*)

Non-executive Directors

Mr. Arthur George Dew (*Chairman*) (*Mr. Wong Tai Chun, Mark as his alternate*), Mr. Lee Seng Hui and Mr. So Kwok Hoo

Independent Non-Executive Directors

Dr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis and Mr. Robert Moyse Willcocks

* *For identification purpose only*